

## Message Text

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C O N F I D E N T I A L TOKYO 16318

E. O. 11652: GDS

TAGS: EAID JA

SUBJ: PROJECTED DAC ODA LEVELS: JAPAN

REFS: A) TOKYO 15877; B) STATE 261319

SUMMARY: FONOFF PROPOSAL TO SYSTEMATICALLY INCREASE AND IMPROVE JAPAN'S ODA TO 0.35 PERCENT OF GNP BY 1980, WITH AVERAGE GRANT ELEMENT OF 75 PERCENT, DID NOT WIN APPROVAL AT NOVEMBER 10 INTER MINISTERIAL MEETING BUT WILL BE DISCUSSED AGAIN EARLY NEXT YEAR. END SUMMARY.

1. DURING NOVEMBER 12 CONVERSATION ALSO REPORTED SEPTTEL FONOFF ECONOMIC COOPERATION BUREAU PLANNING DIVISION'S NISHIMURA REVIEWED WITH EMBOFF THE NOVEMBER 10 MEETING OF GOJ'S NEW ECONOMIC COOPERATION MINISTERIAL COUNCIL HELD JUST PRIOR TO THE INTER MINISTERIAL MEETING DEALING WITH POSSIBLE AID INITIATIVES FOR PARIS SUMMIT (REPORTED SEPTTEL). COUNCIL'S MEETING HAD BEEN SCHEDULED SOME TIME AGO TO DISCUSS QUESTION OF INCREASING AND IMPROVING JAPAN'S ODA, AND THUS WAS NOT DIRECTLY RELATED TO SUMMIT MEETING.

2. AT COUNCIL MEETING, ATTENDED BY PM MIKI, FONOFF PRESENTED PLAN TO INCREASE JAPAN'S ODA/GNP RATION TO 0.35 PERCENT (FROM PRESENT 0.25 PERCENT) BY 1980.

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FONOFF PLAN, BASED ON ASSUMPTION OF 15 PERCENT ANNUAL

NOMINAL GNP GROWTH DURING THIS PERIOD, CALLED FOR ANNUAL ODA INCREASE OF 24 PERCENT TO REACH VOLUME OF 3.3 BILLION DOLLARS BY 1980 (COMPARED TO 1.1 BILLION IN 1974). ALTERNATE PLAN ASSUMED 13 PERCENT ANNUAL NOMINAL GNP GROWTH AND CALLED FOR 21 PERCENT ANNUAL ODA GROWTH. TOGETHER WITH VOLUME INCREASE, FONOFF PLAN CALLED FOR STEADY QUALITATIVE IMPROVEMENT TO REACH AVERAGE GRANT ELEMENT OF 75 PERCENT BY 1980. ESSENCE OF FONOFF PLAN WAS AGREEMENT ON SYSTEMATIC YEARLY STEPS TO AGREED GOAL. (IN DISCUSSING FONOFF PLAN, NISHIMURA STRESSED THAT HE WAS INFORMING EMBOFF IN CONFIDENCE FOR INFO OF USG BUT THAT PLAN SHOULD NOT BE DISCLOSED BY USG TO OTHER GOVERNMENTS INDIVIDUALLY OR AT DAC.)

3. AT COUNCIL MEETING, AGRICULTURE AND INTERNATIONAL TRADE AND INDUSTRY (MITI) MINISTERS FAVORED FONOFF PLAN, WITH MITI ANXIOUS TO SET EVEN MORE AMBITIOUS GROWTH TARGET: FINANCE MINISTER OHIRA FIRMLY RESISTED SETTING ANY ANNUAL GUIDELINES OR ULTIMATE TARGETS, HOWEVER, AND DEPUTY PM FUKUDA WAS LUKEWARM. BOTH OHIRA AND FUDUDA NOTED PRESENT ECONOMIC UNCERTAINTIES AND THAT ECONOMIC PLANNING AGENCY (OF WHICH FUKUDA IS DIRECTOR GENERAL) IS PRESENTLY DRAWING UP NEW LONG-TERM PLAN FOR JAPANESE ECONOMY. RESULTANT DECISION, THEREFORE, WAS ONLY TO (A) CONFIRM NEED TO INCREASE ODA AND (B) RESUME DISCUSSION OF FONOFF PLAN AROUND END OF JFY 1975 (MARCH 1976), AFTER NEW EPA PLAN HAS BEEN FINALIZED. NISHIMURA, THOUGH EXPRESSING DISAPPOINTMENT AT THIS MEETING'S OUTCOME, TOOK COMFORT FROM FACT THAT FONOFF PROPOSAL HAS AT LEAST BEEN KEPT ALIVE FOR FUTURE CONSIDERATION.

4. COMMENTING ON OHIRA'S RESISTANCE TO AID INCREASES, NISHIMURA SAID OHIRA HIMSELF APPRECIATES NEED FOR INCREASED AID AND ECONOMIC COOPERATION MEASURES BUT ARGUED AT COUNCIL MEETING THAT JAPANESE PEOPLE DO NOT APPRECIATE NEED AND THAT PREMATURE GOJ EFFORT TO RAISE AID LEVELS WOULD NOT ELICIT NECESSARY POLITICAL SUPPORT FROM PEOPLE. OHIRA CITED AS ANALOGOUS GOJ'S FUTILE EFFORTS TO INCREASE DEFENSE EXPENDITURES UNDER FOURTH AND FIFTH DEFENSE PLANS. MEETING DID NOT PURSUE THIS POINT BUT NO ONE PRESENT TOOK

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ISSUE WITH OHIRA'S ANALYSIS, NISHIMURA SAID. NISHIMURA SAID HIS PERSONAL VIEW IS THAT JAPANESE AT LARGE RECOGNIZE VERY WELL JAPAN'S DEPENDENCE ON DEVELOPING COUNTRIES BUT DO NOT PROCEED IN THEIR THINKING FROM THIS PREMISE TO THE CONCLUSION THAT ADDITIONAL AID AND ECONOMIC COOPERATION ARE NECESSARY. WITHIN MOF, HE CONTINUED, THERE IS SOME SYMPATHY AT JUNIOR LEVELS FOR FONOFF WISH TO INCREASE AID, BUT THIS SYMPATHY HAS NOT MANIFESTED ITSELF IN ANY APPRECIABLY

MORE GENEROUS MOF POSTURE, EVEN SINCE THE UN 7TH SS.  
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